

CONNECTIONS

CONSERVATION DISTRICT, EXTENSION SERVICE, FARM SERVICE
AGENCY, & NATURAL RESOURCES & CONSERVATION SERVICE

December, 2008

CHECKS WILL NO LONGER BE ISSUED FROM THE COUNTY OFFICE

As of Thursday, Dec 1, 2008 county offices will no longer be able to issue checks. **All** payments will be routed to the National Payment Service (NPS) and processed through the U.S Treasury.

How will this affect you?

- Those of you receiving payments by direct deposit won't notice a difference.
- Those of you who do **not** receive payments by direct deposit, could have a delay of 3 days from the date NPS processes the check.
- **The producers that will be affected the most by this are those who receive a grain loan, and your bank has a lien on the grain. It could mean a delay of 7 to 10 days, you will no longer be able to come in, sign the disbursement papers and walk out with a check.** So for those of you that need the income in this calendar year, you're going to need to allow for those 10 days plus the number of days to

process the paperwork before disbursement. If we disburse the loan on the 22nd, there could be a chance that you may not receive the check until 2009. How this affects your taxes we do not know, you will need to contact your tax advisor for that answer. ▲

DIRECT ATTRIBUTION

Starting in 2009, each payment made to a legal entity shall be attributed to those persons who have a direct or indirect ownership interest in the legal entity. Each payment made directly to a person shall be combined with the pro rata interest of the person in payments received by a legal entity. What this does is takes away the "3-entity" rule—this was where a person could hold interests of not more than 50% in up to three legal entities and still receive full payments. This will no longer be the case.

Example: Farmer Jones owned 50% of Corporation A; Farmer Jones also received payments under his name; and Farmer Jones was a 50% member of a partnership: Corporation A was eligible for \$40,000; Farmer Jones was eligible for \$40,000 as an individual; and Farmers Jones was eligible to take home \$40,000 as a member of his partnership (this is all based on receiving maximum DCP payments). Now, with the 3 entity rule disappearing: Farmer Jones can take home \$20,000 from corporation A; \$20,000 under his own name; and Zero \$ under the partnership because he has already earned his total \$40,000.

This may affect some of the payment entities that were originally set up using the 3-entity rule. If you think this could be a problem for you, you may want to stop by the FSA office and visit with us. If changes need to be made, you need to do them before the 2009 program sign up begins. ▲

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TWO NEW NRCS EMPLOYEES

During 2008, NRCS hired on two new permanent employees Stacy Thornbrugh and Amy Kaiser

Stacy Thornbrugh is a Soil Conservationist who worked previously in Ronan Montana as a Soil Conservation Technician for two years and a Program Technician with FSA for one year. She has a Bachelor of Science degree in Biology and Physical Geography from Eastern Oregon University and a Master of Applied Science degree in Environmental Policy and Management & Geographical Information Systems from the University of Denver. Stacy is originally from the Bitterroot Valley in Montana and has also lived in Colorado and Alaska. She is a volunteer for Ducks Unlimited, Teller Wildlife Refuge, the Montana Native Plant Society, and a member of the Montana Watershed Coordination Council. Before coming to Shelby, she served as an associate board member on the Lake County Conservation District Board. Her goal is to assist landowners in achieving their land use and conservation goals while preserving natural resources.

Amy Kaiser is a Soil Conservation Technician who had been working in Wibaux, MT for two years as a temporary Soil Conservation Technician. She has a Bachelor of Science Degree from the University of Tennessee in Natural Resource Management and is a professional member of the Soil and Water Conservation Society. Since she has been in Shelby, she has joined the Community Ambulance Team and Volunteered for 4-H and MSU Extension Activities. Her professional goals are to maintain soil quality and help local producers initiate new methods for conservation using the EQIP and CSP programs. ▲

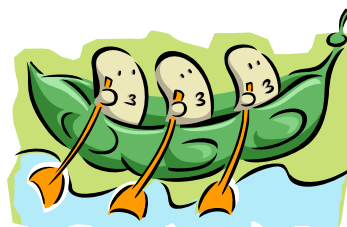
PULSE CROPS NOW ELIGIBLE FOR DCP AND ACRE

The 2008 Food, Conservation, and Energy Act of 2008 provided for eligible pulse crop acreage to be added as base acres and yields for commodities eligible for the 2009 through 2012 Direct and Counter-Cyclical Program (DCP) and eligible for Average Crop Revenue Election Program (ACRE). Eligible pulse crops are dry peas, lentils, Desi garbanzo beans, and Kabuli garbanzo beans. Pulse crops will be eligible for counter-cyclical

payments under DCP, but not eligible for direct payments. Target prices have been established as follows:

Crop	2009- 2012 Target Price
Dry Peas	\$8.32 per cwt
Lentils	\$12.81 per cwt
Kabuli Garbanzo beans	\$12.81 per cwt
Desi Garbanzo beans	\$10.36 per cwt

To establish base acreage, FSA will use the acreage planted and considered planted to the commodities in the crop years 1998 through 2001. Yields will be determined by averaging the yields per planted acre from 1998 through 2001. If you planted dry peas, lentils, Desi garbanzo beans, or Kabuli garbanzo beans in any of the years 1998 through 2001, and you are interested in establishing a base for those crops, you will need to provide production reports to also establish yields. Policy and procedure to establish the bases and yields is still being finalized. More detailed information will be provided as it becomes available.



2008 LOAN RATES

HRW	= \$2.87
HRS	= \$2.83
HAD	= \$2.70
BLY	= \$1.84
OATS	= \$1.21
PEAS	= \$6.14 cwt
CANOLA	= \$8.20 cwt

The final application date for 2008 grain loans is March 31, 2009. ▲

AVERAGE CROP REVENUE ELECTION PROGRAM (ACRE)

What is ACRE?

ACRE is a new program authorized by the 2008 Farm Bill that protects against crop revenue shortfalls resulting from price and/or production declines at state and farm levels. Covered commodities are the same as under the 2009 – 2012 crop year Direct and Counter-Cyclical Payment Program (DCP) and include barley, canola, Desi and Kabuli garbanzo beans (chickpeas), corn, crambe, dry peas, flax, grain sorghum, lentils, mustard, oats, rapeseed, safflower, sesame, sunflowers, soybeans, and wheat. The election to participate in ACRE is irrevocable through the life of the Farm Bill (2012). All producers on the farm must agree to the enrollment of the farm.

Farms that participate in ACRE will still receive their Direct DCP payment, but it will be reduced by 20% and the loan rate for marketing assistance loans will be reduced by 30%. The Direct payment will be computed on 83.3% of the base acreage for the farm (85% for 2012). No counter-cyclical payments will be made on farms participating in ACRE. ACRE participants must report production to establish a Farm Expected Yield and Actual Farm Yield for the year of enrollment.

Two triggers must be met before payments will be issued:

- 1) State ACRE Guarantee (90% of Benchmark State Yield times 2-year National average market price) must exceed Actual State Revenue (100% of Actual State Planted Yield times the higher of the National average market price or 70% of the National loan rate.) AND;
- 2) Farm ACRE Benchmark Revenue (Farm's Expected Yield times ACRE Guarantee Price plus producer paid crop insurance premium) must exceed the Actual Farm Revenue (Actual Farm Yield times the higher of National average market price or 70% of National loan rate.)

Once both triggers are met, payment acres will be computed on 83.3% of the eligible commodities planted on the farm (85% for 2012), not to exceed the total base acreage of the farm. The Farm's

Expected Yield is divided by the Benchmark State Yield to arrive at a yield factor. Payment rate will be the lesser of the State ACRE Guarantee minus the Actual State Revenue or the State ACRE Guarantee times 25%. (Payment Acres X Yield Factor X Payment rate.)

ACRE is very different from any other programs administered by FSA. The regulations and policy are still being determined and finalized and no signup period has been announced at this time. More detailed information will be provided as it becomes available. ▲

NASS TO CONDUCT CASH RENT SURVEY

The 2008 Farm Bill directs the National Agricultural Statistics Service (NASS) to collect annual data from producers at the county level on cash rental rates paid for cropland and pastureland. Until this year, NASS only published this information at the national and state levels. This year NASS will collect and publish it at the county level.

Between October and January, NASS will be collecting the county cash rent data in several ways. Questions will be included in four of the agency's ongoing surveys: 1) biannual cattle survey; 2) biannual sheep and goats survey; 3) quarterly crops/stocks survey; 4) annual acreage and production survey. Producers not covered by one of those surveys will be mailed a separate cash rents survey.

FSA and other USDA agencies rely on cash rent data to administer commodity, credit, conservation, disaster, and loan programs. The county-level data will be of particular use in FSA's administration of the Conservation Reserve Program (CRP).

For further information, please contact Peggy Stringer or Jodie Sprague in the USDA, NASS Montana Field Office at 1-800-835-2612 or e-mail nass-mt@nass.usda.gov. ▲



SUPPLEMENTAL AGRICULTURAL DISASTER ASSISTANCE PROGRAM (SURE)

SURE is one of five new disaster assistance programs authorized under the 2008 Farm Bill.

SURE is available to eligible producers on farms in disaster counties, including contiguous counties that have incurred crop production losses and/or crop quality losses during the crop year.

SURE assistance is also available to eligible producers on farms in which the actual production on the farm is less than 50 percent of the normal production on the farm.

For SURE purposes, a farm is defined as all crop acreages in all counties in the nation.

To be eligible for SURE and the other programs in the “Supplemental Agricultural Disaster Assistance” package authorized in the 2008 Farm Bill, producers must purchase at least catastrophic (CAT) level of crop insurance for all insurable crops and/or Non-insured Crop Disaster Assistance Program (NAP) coverage for non-insurable crops by the sales closing dates.

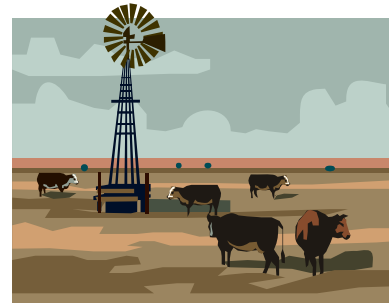
The sales closing date for NAP is March 15, 2009 for all crops except value loss and honey. Please check with the office or your crop insurance sales person to ensure eligibility in the disaster programs. ▲

NAP SERVICE FEES INCREASED

Service fees for the Non-insured Crop Disaster Assistance Program (NAP) have increased for the 2009-2012 crop year. An administrative service fee is required to purchase the insurance. The service fee has increased to:

- \$250 per crop per administrative county; or
- \$750 per producer per county;
- not to exceed \$1,875 for a producer with farming interests in multiple counties.
- Service fees may be waived for limited-resource producers.

The sales closing date for all Non-insurable (NAP) crops except value loss and honey is **March 15, 2009. ▲**



LIVESTOCK DISASTER PROGRAM ELIGIBILITY

To be eligible for the Livestock Forage Disaster Program (LFP) and the Emergency Assistance for Livestock Honey Bees, and Farm-Raised Fish (ELAP) disaster assistance programs under the 2008 farm bill, crop insurance on grazing lands and/or a Non-insured Crop Disaster Assistance (NAP) grazing policy must be purchased or timely filed by the sales closing date.

Detailed information on PRF is available on the RMA web site:

<http://www.rma.usda.gov/policies/pasturerangeforage> or by contacting a crop insurance agent within your area.

The deadline to purchase a NAP grazing coverage is March 15, 2009. ▲

WE'D EAT IT....

Mooove on over to the Ambulance Barn on Dec. 16th at 1pm, for an enlightening program demonstrating how you can get your cows to be ‘weed-eaters’. Research has proven that many of our noxious weeds can provide valuable nutrition to livestock, including cows. Traditionally, it has been shown and accepted that sheep/goats will consume weeds but cows can also be trained to select for weeds. Plan to attend this workshop sponsored by MSU Extension and NRCS. ▲





ADJUSTED GROSS INCOME LIMITATIONS

New Adjusted Gross Income limitations will be in place for 2009 and future years. There are three limitations to consider now, one that affects all commodity programs, one that affects DCP only, and one that applies to Conservation Programs only. These certifications will be based on the average income in the three years preceding the most recent complete tax year (so, for the 2009 program year, the years in consideration will be 2005, 2006, and 2007). The table below summarizes these limits:

\$500,000 Average Adjusted Gross Non-farm Income	Exceed this – ineligible for any commodity, price support or disaster program benefits
\$750,000 Average Adjusted Gross Farm Income	Exceed this – ineligible for DCP Direct Payments
\$1,000,000 Average Adjusted Gross Non-farm Income	Exceed this – ineligible for Conservation programs, unless 66.66% or more of AGI is average adjusted gross farm income

Direct and indirect program participants will be required to certify to the new income limitations for the 2009 crop year on form CCC-926 or through an accountant's or attorney's certification. The Adjusted Gross Income Certification form is no longer a continuous certification and must now be filed at least once

every 3 years. The new form and procedures are not yet available, additional information, including specifics on what is considered farm income and what is considered non-farm income will be made available at a future date. ▲

ANNUAL NOTICE OF PAYMENT ELIGIBILITY TO PRODUCERS

FSA program benefits may not be provided to any producer until the applicable payment eligibility determinations are made. A producer will remain ineligible until all required forms for the specific situation are provided.

New forms (CCC-902) and regulations are in the process of being implemented. All participants will be required to complete the new eligibility forms for the 2009 program year. These new forms and associated procedures are not yet available, please be patient as we work to implement the new farm bill. Previous rules on permitted entity designation will no longer apply for the 2009 and future years. All payments, including those made for the individual's pro-rata share in an entity, will now be attributed to a single payment limitation for the applicable individual, though they will be issued as usual to the payment-earning entity. In addition, payment entities with the exception of joint operations will be limited to a single payment limitation overall.

Payment Limitation/Eligibility determinations may be initiated by the FSA County Committee or requested by the producer. Statutory provisions require that entities earning program benefits provide FSA with the names, addresses, and tax ID numbers for the members of the entity.

All Payment Eligibility forms (CCC-902) submitted by a producer are subject to spot check through the End-of-Year Review process. Farming operations selected for an End-of-Year Review will be required to submit additional documents to verify their contributions of capital, land, equipment, labor, and management.

Individuals, joint operations, or entities which are determined to be "not actively engaged in farming," will be ineligible for Direct and Counter Cyclical (DCP) Payments, Average Crop Revenue Election (ACRE) Payments, Loan Deficiency Payments (LDP's), Marketing Loan Gains and Conservation Reserve Program (CRP) payments.



BRUCELLOSIS INFORMATION

Current, up to date information on brucellosis, testing requirements, and what the state is doing to regain Class Free Status can be found on the Montana Department of Livestock's (MDOL) web site at <http://liv.mt.gov/>. Information about brucellosis can be found by clicking on the "Current Brucellosis Information" link at <http://liv.mt.gov/Brucellosis/index.asp>. Producers who ship cattle out of state can use the drop down box under "Testing Requirements" to see if the state they are shipping cattle to has any special testing requirements.

DOL is evaluating a draft brucellosis action plan that was developed with input from producer groups that include the Montana Cattlemen's Association, Montana Stockgrowers Association, Montana Farm Bureau and Montana Farmers Union. The public comment period closed November 1. MDOL is compiling the comments and will release a summary to the public.

Additionally, the state veterinarian has been tasked with serving as the point for a new brucellosis task force that includes Montana Fish, Wildlife and Parks as well as members of the public representing the livestock industry, hunters and the conservation community, and outfitters.

Any new information regarding Class Free Status, the draft brucellosis action plan, the brucellosis task force or other news relating to brucellosis will be featured on MDOL's web site.

For additional information, contact Steve Merritt, public information officer, Montana Department of Livestock, at 406/444-9431 (smerritt@mt.gov). ▲

THE ROLE OF AGRICULTURAL BASED CARBON OFFSETS AND THE VALUE TO FARMERS AND RANCHERS

Carbon dioxide (CO₂) is among several atmospheric compounds (generally called greenhouse gases) that can reflect heat waves and prevent them from going into outer space. Studies show that the increase in greenhouse gases is largely due to the burning of fossil fuels and deforestation in the tropics.

An effective way of slowing the increase in greenhouse gases is to increase the sequestration of stable carbon compounds in agricultural soil and forests.

Farmers', ranchers and foresters are engaged in carbon offset trading through the Chicago Climate Exchange (CCX). Current CCX projects include conservation tillage, CRP/grass plantings, sustainable grazing, methane capture and destruction, afforestation, reforestation, management of existing stands and credit for long-term wood products.

Individual landowners do not typically generate enough offsets, therefore, CCX requires landowners to enter the market through organizations certified by the CCX.

A list of certified aggregators is available at www.chicagoclimateexchange.com, and clicking on membership, then on membership list. Montana landowners received over \$1 million for their carbon offsets via CCX aggregators. ▲

COUNTY OF ORIGIN LABELING (COOL)

The mandatory County of Origin Labeling became effective on September 30, 2008. Retail establishments that are licensed under the Perishable Agricultural Marketing Act are required to provide COOL information to consumers. Some of the covered commodities include ground and muscle cuts of beef, pork, lamb, goat, and chicken; fresh and frozen fruits and vegetables.

Retailers and their suppliers have recordkeeping responsibilities. Records used in the normal conduct of business that are legible and maintained either in hard copy format or electronic are acceptable for verification of origin claims. Upon request by the USDA representatives, records shall be provided to substantiate claims.

Any person engaged in the business of supplying a covered commodity to a retailer, whether direct or indirectly must make information available to the buyer about the country of origin of the covered commodity. Records that identify the immediate previous source and immediate subsequent recipient must be maintained for 1 year from the date of the transaction.

More information can be obtained from the Agricultural Marketing Service website at www.ams.usda.gov/cool. ▲

USDA SERVICE CENTER

Phone: 406-434-5234

FAX: 406-434-2718

CONSERVATION DISTRICT BOARD MEMBERS

Terry Tomsheck, Chairman

Steve Ahrens, Vice Chairman

Bob Pace, Treasurer

Roger Smedsrud

Dick Steinbacher

Willie Wilson, Sunburst Urban Supervisor

Sara Shepard, Administrator (Ext 113)

NRCS STAFF

Misty Vermulm (Ext 110)

Amy Kaiser (Ext 108)

Stacy Thornbrugh (Ext 115)

FSA COMMITTEE MEMBERS

Tim Fenger, Chairman

Chuck Kelleher, Vice Chairman

Kathy Rankin, Regular Member

FSA OFFICE STAFF

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Director (Ext 107)

email: robert.hermance@mt.usda.gov

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(Conrad-278-7611)

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Carla McNamara-Payment Limitation &
Direct Counter Cyclical Payment Program
(Ext 101)

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Dale White-CRP & Maps (Ext 106)

email: dale.white@mt.usda.gov

Lynda Fretheim-Crop Certification &
Maps (Ext 104)

email: lynda.fretheim@mt.usda.gov

HAVE YOU CHANGED YOUR DIRECT DEPOSIT ACCOUNT?

The Debt Collection Act of 1996 mandates that payments from FSA be directly deposited into a producer's check or savings bank account. It is important that any change in the account such as type of account, bank mergers, routing number or account number changes be provided to the county office promptly to avoid possible payment delay. ▲

SUBMISSION OF APPLICATIONS VIA E- GOVERNMENT

As required by the Freedom of E-File Act, eForms provide customers with the option to electronically access, fill out, and print paper forms, or obtain secure electronic access for signing and transmitting forms and other documents electronically to their local Service Center. Level 2 access is required. Step-by-step instructions are available on the Montana FSA website at <http://www.fsa.usda.gov/mt> explaining the process. Contact the local FSA office to complete your registration. ▲



Calendar of Events

Dec 1	Deadline to return COC ballots
Dec 4	County Committee Meeting
Dec 25	Office Closed for Christmas
Jan 1	Office Closed for New Years Day
March 15	NAP Purchasing Deadline
March 31	'08 Grain Loan Deadline

The United States Department of Agriculture (USDA) prohibits discrimination in all its programs and activities on the basis of race, color, national origin, sex, religion, age, disability, political beliefs, sexual orientation, or marital or family status. (Not all prohibited bases apply to all programs.) Persons with disabilities who require alternative means for communication of program information (braille, large print, audiotape, etc.) should contact USDA's TARGET CENTER at 202-702-2600 (voice and TDD).

To file a complaint of discrimination, write USDA, Director; Office of Civil Rights; Room 326-W, Whitten Building; 1499 Independence Avenue, SW; Washington, D.C., 20250-9410 or call 202-720-5964 (voice or TDD).

Toole County FSA
1125 Oilfield Ave.
Shelby, MT 59474

STANDARD RATE

US POSTAGE

PAID

SHELBY, MT

PERMIT NO.

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“Special accommodations will be made for the physically handicapped, vision or hearing impaired person upon request. If accommodation is required, please contact Bob Hermance, County Executive Director at the above address; call 406-434-5234; or email: robert.hermance@mt.usda.gov